

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 NSC-05 SS-15

SSO-00 NSCE-00 INRE-00 L-03 TAR-01 INT-05 /086 W

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 338

INFO ALL EC CAPITALS 1565

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ETRD, EIND, EEC

SUBJECT: EC COMMISSION REACTION TO STEEL ESCAPE CLAUSE FINDING

REF: (A) STATE 12719, (B) BONN 920, (C) MTN GENEVA 396 (NOTAL)

1. A NUMBER OF HIGH EC COMMISSION OFFICIALS HAVE SPOKEN TO THE AMBASSADOR REGARDING THE US "ITC'S ESCAPE CLAUSE DETERMINATION ON ALLOY STEELS. THEIR THEME HAS BEEN THAT IF THE PRESIDENT WERE TO ACCEPT THE COMMISSION'S RECOMMENDATIONS, THERE WOULD BE A RISK OF SERIOUS PROBLEMS WITH THE EC AND OUR OTHER MAJOR TRADING PARTNERS. THEY URGE, THEREFORE, THAT THE USG CONSIDER THE INTERNATIONAL ASPECTS OF THE CASE VERY CAREFULLY.

2. THE EC COMMISSION AND THE MEMBER STATES WILL BE DISCUSSING THE ITC'S DETERMINATION IN A MEETING OF A COAL AND STEEL COMMUNITY ADVISORY COMMITTEE MEETING ON JAN. 22, AND IN THE ARTICLE 113 COMMITTEE MEETING ON JAN. 23. UNTIL THESE MEETINGS TAKE PLACE THERE CANNOT BE AN OFFICIAL COMMUNITY REACTION. HOWEVER, IN A CONVERSATION WITH THE

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AMBASSADOR, DIRECTOR GENERAL FERNAND BRAUN STATED THE

VIEW THAT THE BEST WAY TO HANDLE THIS PROBLEM WAS TO DISCUSS IT THOROUGHLY IN THE OECD. LOERKE, THE COMMISSION'S US DESK OFFICER, FEELS THE SAME WAY. HE TOLD A MISSION OFFICER HE THINKS THE COMMISSION WILL URGE A LINE WHICH CAN BE SUMMED UP IN A STATEMENT HE MADE TO THE NEW YORK TIMES (REF C), THAT " PROBLEMS OF THE TYPE MENTIONED BY US STEELMAKERS SHOULD BE DEALT WITH ON AN INTERNATIONAL BASIS."

3. THE STARTING POINT FOR THINKING, HE SAID, WAS THAT THERE WERE SERIOUS DIFFICULTIES IN THE STEEL SECTOR IN BOTH THE EC AND THE US. THE SOLUTION WAS NOT TO IMPOSE QUOTAS UNILATERALLY (A POLICY OPTION THE COMMISSION HAD RESISTED) BUT TO DISCUSS THE PROBLEM IN MULTILATERAL FORA, STARTING WITH THE OECD. HE HAD NO PARTICULAR REMEDIES TO PROPOSE, BUT FEARED THAT IF ONE SIDE SHOULD ADOPT UNILATERAL MEASURES, OTHER COUNTRIES WOULD FIND IT HARD TO RESIST PRESSURES TO DO LIKEWISE.

4. LOERKE MADE IT CLEAR THAT HE WAS IN NO SENSE THREATENING, ON BEHALF OF THE EC, TO DRAG THE US INTO THE OECD. HE HOPED, RATHER, THAT THE US WOULD FOLLOW THE EC'S EXAMPLE, AND REQUEST OECD CONSULTATIONS. GREENWALD

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